



City Attorney's Office – Accounts Payable Audit Report A2020-01

Issued by the
Internal Audit Office
May 20, 2020

City of El Paso
Internal Audit Office
City Attorney's Office – Accounts Payable Audit A2020-01

EXECUTIVE SUMMARY

The Internal Audit Office has concluded the City Attorney's Office – Accounts Payable Audit. Based on the results of the audit, one finding was identified. The finding is considered regular in nature.

Listed below is a summary of the finding identified in this report:

1. A review of the City Attorney's Office *Office Secretarial Procedures Manual* (11-1021-036/#123766) identified the following:
 - The manual does not have an "effective date" on the Title Page,
 - The Policies and Procedures for the Accounts Payable Activities require an update to reflect the current practices in place. For example:
 - The manual refers to staff members by name that are no longer employed at the City Attorney's Office and/or with the City of El Paso,
 - There is no mention of the Professional Service Agreements maintained in the ProLaw server-based software used to determine billable rates,
 - The manual should mention the current review and approval process in place for invoices tied to a Professional Services Agreement,
 - The current process of reconciling vouchers and expenses by City Attorney's Office staff should be described,
 - The manual should outline the final expenditure review and approval process conducted by the City Attorney.

For a detailed explanation of the finding, please refer to the body of this Audit Report.

**City of El Paso
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BACKGROUND

The mission of the City Attorney's Office is *to provide excellent quality legal services in a timely and cost effective manner in order to assist in the implementation of the Strategic Plan adopted by Mayor and Council.*

The Core Services of the City Attorney's Office are to:

- Advise City officials and departments on a wide range of legal issues,
- Research and provide advice, opinions and recommendations on legal issues that come before the City.
 - Draft municipal ordinances, resolutions, and agreements.
 - Provide advice to City boards, committees, commissions, and City Council Legislative Review Committees.
 - Advise Mayor, City Council, City Manager and other City officials of pending legislation and assist in drafting proposals for legislation in areas of concern to the City of El Paso.
 - Provide legal advice on state and federal grants.
 - Process claims on behalf of the City and against the City.

The City Attorney's Office budget is \$4,318,346.00 for FY 2019, which contains an allocation of \$496,919.00 for "Processional Services" to pay for:

- Collective Bargaining Services,
- External Legal Counsel Service,
- Interpreter Services,
- Court Reporters,
- Expert Witnesses,
- Electricity Franchise Review Services,
- Gas Franchise Review Services,
- Telephone Franchise Review Services,
- Cable Franchise Review Services,
- Arbitration Mediation Services,
- Investigative Services.

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AUDIT OBJECTIVES

The objectives of the City Attorney's Office – Accounts Payable Audit were to determine if:

- Accounts payable transactions are processed in a timely manner and in accordance with the:
 - *City of El Paso Accounts Payable Policy* dated September 2018 and the
 - Texas Prompt Payment Act Section 2251.021 for contracts executed on or after September 1, 1987,
- Appropriate documentation is in place to support accounts payable transactions,
- The City Attorney's Office operates within budgetary limits, and;
- The City Attorney's Office has implemented adequate internal controls to limit exposure to unauthorized or inappropriate accounts payable transactions.

AUDIT SCOPE

Accounts payable transactions processed, monitored, and reconciled by the City Attorney's Office for Fiscal Year 2019.

AUDIT METHODOLOGY

To achieve our audit objectives, we:

- Obtained an understanding of the City Attorney's Office procedures for paying invoices,
- Interviewed City Attorney's Office Accounts Payable personnel,
- Conducted a review of a sample of invoices processed by the City Attorney's Office for FY19,
- Conducted an analysis of the City Attorney's Office reconciliation of departmental accounts,
- Evaluated the City Attorney's Office monitoring and reconciliation of accounts payable transactions.

We conducted this audit in accordance with *Generally Accepted Government Auditing Standards* and the *International Standards for the Professional Practice of Internal Auditing*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**City of El Paso
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***REGULAR FINDINGS, RECOMMENDATIONS,
AND MANAGEMENT'S RESPONSES***

The definition of a “Significant Finding” is one that has a material effect on the City of El Paso’s financial statements, identifies an internal control breakdown, is a violation of a City procedure, or a violation of a law and/or regulation, which the City is required to follow. Any finding not meeting these criteria will be classified as a “Regular Finding”.

Finding 1

Office Policies and Procedures

City of El Paso Strategic Plan:

- Goal 6.12 *Maintain systems integrity, compliance and business continuity.*

Best business practices state:

A strong system of internal controls requires that Policies and Procedures be developed that document routine or repetitive activity followed by an organization. The development and use of Policies and Procedures are an integral part of a successful quality system as it provides individuals with the information and guidance to perform a job properly.

A review of the City Attorney’s Office *Office Secretarial Procedures Manual* (11-1021-036/#123766) identified the following:

- The manual does not have an “effective date” on the Title Page,
- The Policies and Procedures for the Accounts Payable Activities require an update to reflect the current practices in place. For example:
 - The manual refers to staff members by name that are no longer employed at the City Attorney’s Office and/or with the City of El Paso,
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Recommendation

The City Attorney’s Office should update their *Office Secretarial Procedures Manual* to:

- Include an “effective date” on the Title Page within the manual,
- Reflect current practices in place for the Accounts Payable Activities, that:
 - Refer to position titles versus individual staff members within the office,
 - Mention the use of the ProLaw software in the office to determine billable rates,
 - Mention the current review and approval process in place for invoices tied to a Professional Services Agreement,
 - Describe the current process of reconciling vouchers and expenses by City Attorney’s Office staff,
 - Outline the final expenditure review and approval process conducted by the City Attorney.

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Internal Audit Office
City Attorney's Office – Accounts Payable Audit A2020-01

Management's Response

The City Attorney's Office Procedures Manual – Accounts Payable Section has been updated and is pending final approval by the City Attorney.

Responsible Party

Lupe Martinez, Deputy City Attorney

Implementation Date

August 31, 2021

**City of El Paso
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City Attorney's Office – Accounts Payable Audit A2020-01**

INHERENT LIMITATIONS

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods beyond the Audit Report date are subject to the risk that procedures may become inadequate due to changes in conditions, management override of internal controls, or that the degree of compliance with the procedures may deteriorate. This was a limited scope audit which only reviewed the areas stated in the Audit Objectives during the Audit Scope period. No representations of assurance are made to other areas or periods not covered by this audit.

CONCLUSION

We have concluded our work on the objectives of the City Attorney's Office – Accounts Payable Audit. The audit evidence used in the analysis is sufficient and appropriate for addressing the objectives and supporting the findings and conclusion. In accordance with *Generally Accepted Government Auditing Standards*, we are required to conclude whether the City Attorney's Office met the objectives of this audit. Based on our audit work, we have determined that:

1. The City Attorney's Office met the audit objectives in the following areas:
 - Maintaining appropriate documentation to support accounts payable transactions and utilizing tools to help demonstrate expenditure review and approval,
 - Operating within budgetary limits,
 - Implemented adequate internal controls to limit exposure to unauthorized or inappropriate accounts payable transactions.
2. The City Attorney's Office did not meet the audit objectives in the area of:
 - Updating their *Office Secretarial Procedures Manual* (11-1021-036/#123766) to reflect current Accounts Payable Activities in place.

We wish to thank the City Attorney's Office management and staff for their assistance and courtesies extended during the completion of this audit.

Signature on File

Edmundo S. Calderón, CIA, CGAP, CRMA, MBA
Chief Internal Auditor

Signature on File

Liz De La O, CFE, CIA, CGAP, MPA
Auditor III

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